

## RESEARCH HIGHLIGHTS

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Socio-economic Series

Issue 55-1

SPECIAL STUDIES ON 1996 CENSUS DATA:  
CANADIAN HOUSING CONDITIONS

## Introduction

CMHC is responsible for monitoring housing conditions and providing up-to-date information to inform and assist decision-making, planning and policy formation by industry, all levels of government and non-profit organizations.

This is the first in a series of concise studies that will explore the housing conditions of the 10.8 million privately housed<sup>1</sup> households reported by the 1996 Canadian Census<sup>2</sup>. This first study uses data primarily at the national level, explains commonly used terminology, and examines the largest groupings of households. Subsequent studies are planned to examine smaller groupings of interest, such as:

- Aboriginal people;
- children;
- families;
- metropolitan areas;
- people who live alone;
- seniors;
- tenants;
- women;
- immigrants;
- young people ;

and various such combinations.

## Commonly used terminology

Most Canadians (see below) have access to a dwelling unit that is **adequate** in condition, **suitable** in size and **affordable**.

- An **adequate** dwelling does not, according to its residents, require major repairs.
- A **suitable** dwelling has enough bedrooms<sup>3</sup> for the size and make-up of the occupying household.
- To be **affordable**, shelter costs<sup>4</sup> must consume less than 30 percent of before-tax household income.

Some Canadians (see below) live in dwellings which do not meet one or more of these standards. In some cases these households could afford to rent housing which meets all three standards; in some cases they cannot. A household is said to be in **core housing need** if its housing falls below at least one of the adequacy, suitability or affordability standards **and** it would have to spend 30 percent or more of its income to pay the average rent of alternative local market housing that meets all three standards<sup>5</sup>. Some households in core housing need may be living in social housing which requires the tenant to pay 30 percent of their income as part of a rent/geared-to-income program.

## Findings

## Most Canadians are well-housed

About 7 million (65%) of the 10.8 million households identified in the 1996 Census were at or above all three housing standards.

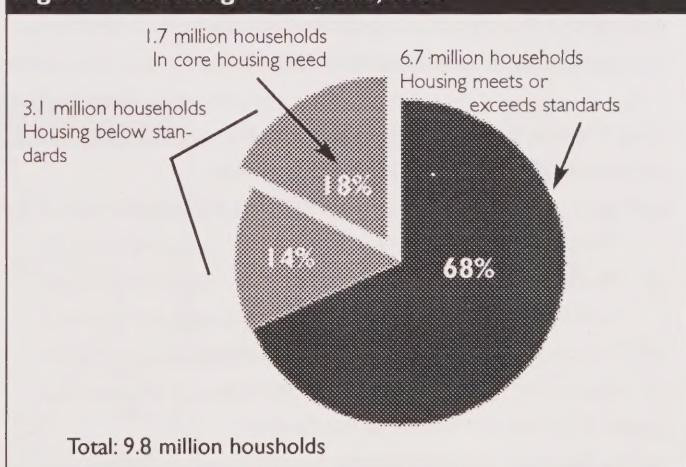
The remainder of this study examines the housing conditions of 9.8 million of these households. The million households excluded from consideration in this study are composed of:

- farm households (some 188,000);
- Native households on reserves (some 70,000);
- other non-farm Native households (some 240,000);
- households whose data raise difficulties in interpretation, e.g. as to their housing affordability (some 512,000)<sup>6</sup>.

## About one-fifth of income is used for shelter costs

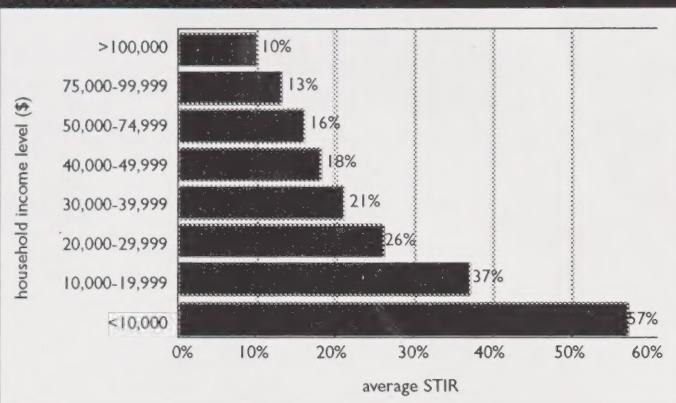
Over 68% of the 9.8 million studied non-farm, non-Native households live in dwellings which meet or exceed all housing standards (see Figure 1).

Figure 1: Housing Conditions, 1996



In 1996, these households spent an average of \$690 per month on shelter. Their average expenditure on shelter costs expressed as a percentage of their before-tax income<sup>7</sup> was about 22%. It is not surprising that households with higher incomes tended to spend a smaller proportion of their earnings on housing, while those earning less spent higher percentages. Households earning more than \$100,000 annually had an average shelter cost to income ratio ("STIR") of only 10%. The average STIR increased with lower income, but did not reach 30% until household income dropped below \$20,000 (see Figure 2).

**Figure 2: Average Shelter Cost to Income Ratio by Household Income Level**



### Housing is getting better

Canadians generally live in housing which not only meets or exceeds housing standards, but that for many has been increasing in size and/or amenities. The average new home size in Canada has increased from 1,374 sq. ft. in 1993 to 1,455 sq. ft. in 1998, about 1% per year<sup>8</sup>. The housing stock is increasing each year, with new starts at over 137,000 units in 1998. Existing houses are being upgraded; renovation spending in 1998, estimated at close to \$23 billion, exceeded expenditures on new construction<sup>9</sup>.

Many Canadians who are buying new homes or renovating older homes are making choices such as:

- "healthy" houses
- flexible or "grow" homes
- R2000 homes

which increase their health, comfort or safety; or reduce their home's operating costs, ecological footprint or the cost of future alterations. Some are choosing homes located in more sustainable communities designed for liveability, safety and affordability, with less need for car usage and more neighbourhood recreational opportunities.

### Some housing conditions remain below standards

There were, however, 3.1 million households in 1996 that experienced housing conditions below

one or more of the housing standards. Of these households, 1.4 million had the financial means to rent alternative local market housing that meets all three standards without spending 30 percent or more of before-tax income. The other 1.7 million households, just under 18% of the households studied, were in core housing need as defined above.

### Who is in core housing need?

The majority of households experiencing core housing need lived in the largest provinces: Ontario (39%) and Quebec (27%) (see Figure 3). Further, the percentage of households in core need in Ontario (39%) exceeded the province's percentage of households (37%) by two percentage points. That for Quebec (27%) exceeded Quebec's percentage of households (26.5%) by one-half of a percentage point.

### Lower income

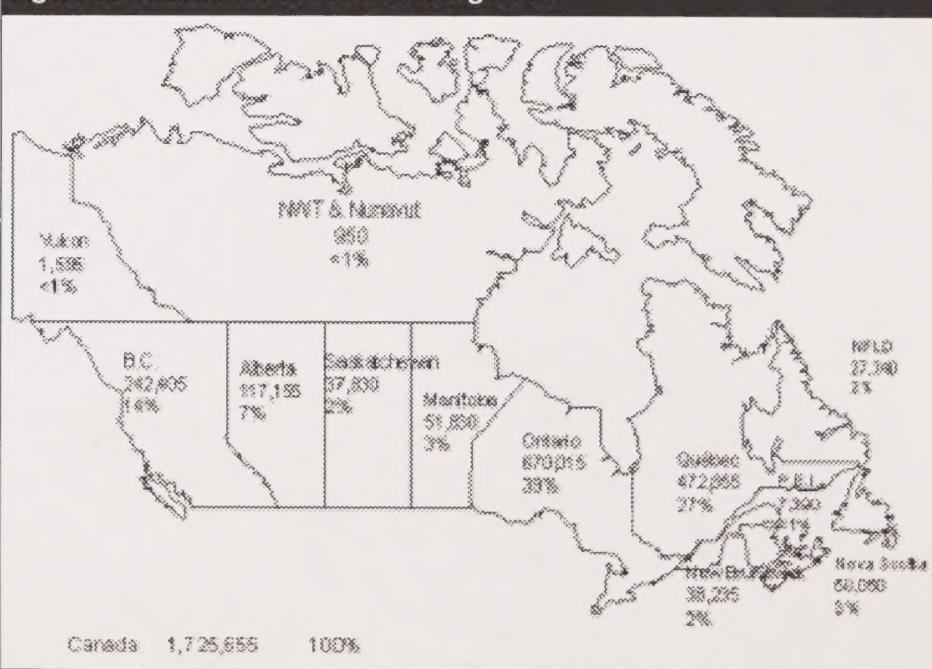
Affordability is the main reason why households fall into core housing need. Over 90 per cent of the 1.7 million households in core housing need had an affordability problem. The next most likely reason for being in core housing need was failure to meet the adequacy standard. Relatively few households were lacking in bedrooms; that is, lived in housing which failed to meet the suitability standard.

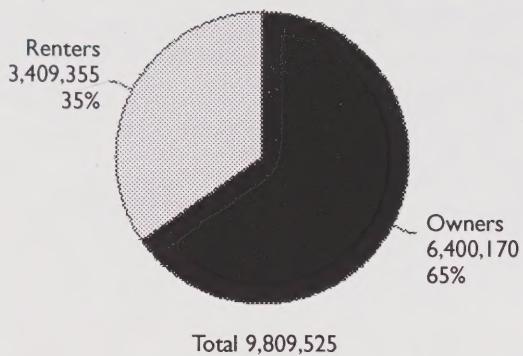
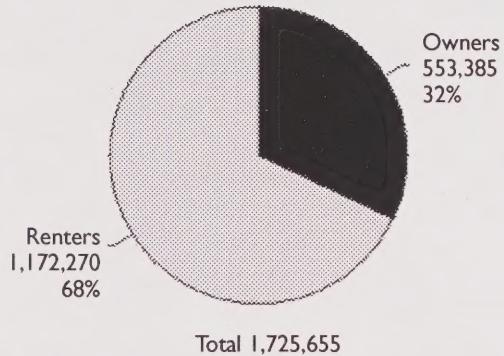
Most households spending 30% or more of their before-tax income on shelter were also in core housing need. Of the 364 thousand households earning less than \$10,000, 85% were in core housing need. Of the almost 1.6 million with incomes of \$10,000 to \$19,999, 61% were in core housing need. For households earning more than \$40,000 the incidence of core housing need was less than 1%.

### Renters

Just over two-thirds (68%) of households in core housing need were renters, although renters made up only 35% of all households (see Figures 4a and 4b).

**Figure 3: Households in Core Housing Need**

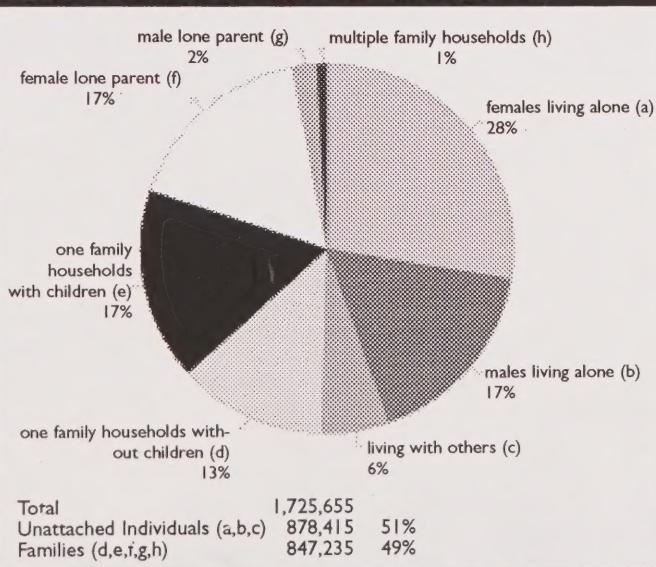


**Figure 4a: Households****Figure 4b: Households in Core Housing Need**

### Unattached individuals

Although unattached individuals made up only 29% of all households in this study, they constituted just over half (51%) of households in core housing need:

- females living alone (28 percentage points)
- males living alone (17 percentage points), and
- unattached individuals living with others (6 percentage points) (see Figure 5).

**Figure 5: Households in Core Housing Need**

### Female lone parents

Although female lone parents accounted for only 8% of all households in this study, they constituted 17% of households in core housing need. Taken together, females living alone and female lone parents accounted for 45% of households in core housing need.

For comparison, male lone parents were under 2% of both all households studied and those in core housing need.

### Seniors

Senior households<sup>10</sup> are 21% of all households, but 26% of households in core housing need.

## Conclusion

Information from the 1996 Census indicates that about two-thirds of Canadians are living in housing that meets or exceeds Canada's high housing standards. Other information shows that Canadian housing has been increasing in size and amenities. The housing stock is increasing each year and existing houses are being upgraded; renovation spending has exceeded expenditures on new construction.

There were, however, 3.1 million households that experienced housing conditions below one or more of the housing standards.

Of these households, 1.4 million had the financial means to rent alternative local market housing that meets all three standards without spending 30 percent or more of before tax income. The other 1.7 million households, just under 18% of the households studied, were in core housing need as defined above.

Households in core housing need tended to be lower income, renters, made up of unattached individuals, and/or located in Ontario or Quebec. Disproportionate numbers of female lone parents and senior households were in core housing need.

For further information on 1996 Census housing data please contact:

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Your comments on this study and suggestions for further research are welcomed, and should be addressed to:

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## Notes

1. The 1996 Census data does not profile the housing conditions of those in institutions, rooming houses or the homeless.
2. CMHC has previously published studies drawing on data from the 1991 Census. See Research Highlights numbers 11, 12, 13, 16, 18, 19, 21 and 31 to 39.
3. According to the National Occupancy Standard (see *Core Housing Need in Canada*, CMHC, 1991, p. 4) enough bedrooms means one bedroom for each:
  - cohabitating adult couple;
  - unattached household member 18 years of age and over;
  - same-sex pair of children under age 18;
  - additional boy and/or girl in the family, unless there are two opposite sex siblings under 5 years of age, in which case they are expected to share a bedroom.
  - However, a household of one individual can occupy a bachelor unit (i.e. no bedroom).

For example, a household composed of a married couple and two children (boy aged 4, and girl aged 2) are expected to require 2 bedrooms. When the boy turns 5 years old, the requirement would increase to three bedrooms.

4. Shelter costs include payments for electricity, fuel, water and municipal services. For renters they also include the rent and for owners they also include mortgage payments (principal and interest), property taxes and any condominium fees.
5. Due to different methodologies used to develop estimates of housing need from the 1991 and 1996 Censuses, it is not possible to directly compare the information presented here to that presented from the 1991 Census in Issue 11. CMHC plans to make revised 1991 estimates on a basis comparable to the 1996 estimates and present them in a later report.
6. These include non-farm, non-Native households which reported zero or negative income (some 26,000); and non-farm, non-Native households which reported shelter cost to income ratios greater than one (some 486,000). The latter category is large, and may include some of the following: recent immigrants, recent labour force entrants, seniors, students and people who in the previous year were unemployed, laid off or on strike for long periods.
7. Income reported in the Census is for the preceding calendar year (i.e. for 1995).
8. See CMHC Housing Facts. Data comes from the Construction Forecast Company.
9. CMHC Annual Report 1998.
10. Senior households include all family and non-family households led by an individual 65 years of age or over.

## Housing Research at CMHC

Under Part IX of the National Housing Act, the Government of Canada provides funds to CMHC to conduct research into the social, economic and technical aspects of housing and related fields, and to undertake the publishing and distribution of the results of this research.

This fact sheet is one of a series intended to inform you of the nature and scope of CMHC's research.

The **Research Highlights** fact sheet is one of a wide variety of housing related publications produced by CMHC.

For a complete list of **Research Highlights**, or for more information on CMHC housing research and information, please contact:

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